

# Appendix 4D

## 31 December 2014 Half Yearly Report

<b>CARLTON INVESTMENTS LIMITED    ABN 85 000 020 262</b>
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### 1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2014 with the previous corresponding period being the half year to 31 December 2013.

### 2. Results for announcement to the market

				\$000's
<b>Revenue</b>				
Dividends and distributions received - ordinary	Up	6.1%	to	20,398
Dividends - special	Down	29.2%	to	279
Interest received	Down	32.4%	to	405
Operating revenue	Up	4.2%	to	<u>21,082</u>
<b>Profit</b>				
Profit before income tax expense	Up	3.9%	to	20,614
Income tax expense	Down	4.2%	to	(298)
Net profit	Up	4.0%	to	<u>20,316</u>

<b>Dividends</b>	Amount per security	Franked amount per security
Interim dividend - Ordinary	43.0 cents	43.0 cents
- Preference	7.0 cents	7.0 cents
Half year ended 31 December 2013 - Ordinary	37.0 cents	37.0 cents
- Preference	7.0 cents	7.0 cents

Date of payment of interim dividends	19 March 2015
Record date for determining entitlements to the interim dividends	4 March 2015

**3. Net tangible asset backing:** Refer page 14.

**4. Entities over which control has been gained or lost during the period:** None

**5 & 6. Details of dividend payments and dividend reinvestment plans:** Refer to note 11 of the attached condensed consolidated financial statements.

**7. Details of associates and joint ventures:** None

**The Auditor's Review Report is attached.**

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Half year to 31 December 2014 \$000	Half year to 31 December 2013 \$000
Dividends and distributions received		20,677	19,626
Interest income		405	599
Operating revenue	3	21,082	20,225
Administration expenses	4	(462)	(377)
Finance costs	9	(6)	(6)
Operating expenses		(468)	(383)
Profit before income tax expense		20,614	19,842
Income tax expense	6	(298)	(311)
Net profit for the half year		20,316	19,531
Basic and diluted earnings per ordinary share	5	\$0.767	\$0.738

The consolidated statement of profit or loss is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year to 31 December 2014 \$000	Half year to 31 December 2013 \$000
<b>Net profit for the half year</b>	<b>20,316</b>	<b>19,531</b>
<b>Other Comprehensive Income</b>		
<i>Items that will not be reclassified to the statement of profit or loss in the future:</i>		
Increase/(decrease) in fair value of investments	<b>43,518</b>	61,042
(Increase)/decrease in deferred tax liability on change in fair value of investments	<b>(13,434)</b>	(13,480)
<b>Total other comprehensive income/(loss)</b>	<b>30,084</b>	<b>47,562</b>
<b>Total comprehensive income/(loss) for the half year</b>	<b>50,400</b>	<b>67,093</b>

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Half year to 31 December 2014	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 1 July 2014	20,146	341,956	314,472	676,574
Dividends paid	-	-	(16,679)	(16,679)
	20,146	341,956	297,793	659,895
Profit for the year	-	-	20,316	20,316
Other comprehensive income:-				
Increase in fair value of investments	-	43,518	-	43,518
Increase in deferred tax liability relating to change in fair value of investments	-	(13,434)	-	(13,434)
Other comprehensive income	-	30,084	-	30,084
Total comprehensive income	-	30,084	20,316	50,400
Total equity as at 31 December 2014	20,146	372,040	318,109	710,295

Half year to 31 December 2013	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 30 June 2013	20,312	271,169	304,367	595,848
Reclassification of preference shares	(166)	-	-	(166)
Equity as at 1 July 2013	20,146	271,169	304,367	595,682
Dividends paid	-	-	(15,355)	(15,355)
	20,146	271,169	289,012	580,327
Profit for the half year	-	-	19,531	19,531
Other comprehensive income:-				
Increase in fair value of investments	-	61,042	-	61,042
Increase in deferred tax liability relating to change in fair value of investments	-	(13,480)	-	(13,480)
Other comprehensive income	-	47,562	-	47,562
Total comprehensive income	-	47,562	19,531	67,093
Total equity as at 31 December 2013	20,146	318,731	308,543	647,420

The consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$000	30 June 2014 \$000
<b>CURRENT ASSETS</b>			
Cash		2,053	926
Receivables		469	5,328
Investments—term deposits	7	23,700	26,300
<b>TOTAL CURRENT ASSETS</b>		<b>26,222</b>	<b>32,554</b>
<b>NON CURRENT ASSETS</b>			
Investments - equities	7	821,342	768,024
Deferred tax assets		2	2
<b>TOTAL NON CURRENT ASSETS</b>		<b>821,344</b>	<b>768,026</b>
<b>TOTAL ASSETS</b>		<b>847,566</b>	<b>800,580</b>
<b>CURRENT LIABILITIES</b>			
Payables		67	58
Current tax liabilities		155	205
<b>TOTAL CURRENT LIABILITIES</b>		<b>222</b>	<b>263</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	8	136,883	123,577
Other financial liabilities	9	166	166
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>137,049</b>	<b>123,743</b>
<b>TOTAL LIABILITIES</b>		<b>137,271</b>	<b>124,006</b>
<b>NET ASSETS</b>		<b>710,295</b>	<b>676,574</b>
<b>EQUITY</b>			
Issued capital	10	20,146	20,146
Reserves		372,040	341,956
Retained earnings		318,109	314,472
<b>TOTAL EQUITY</b>		<b>710,295</b>	<b>676,574</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year to 31 December 2014 \$000	Half year to 31 December 2013 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends and distributions received	25,511	24,194
Interest received	430	633
Cash paid for operating expenses	(454)	(395)
Income tax paid	(667)	(582)
Income tax refunds	192	132
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>25,012</b>	<b>23,982</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from capital returns and disposal of investments	2,250	314
Payments for acquisitions of investments	(12,050)	(8,799)
Net decrease (increase) in term deposits	2,600	(100)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(7,200)</b>	<b>(8,585)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(16,679)	(15,355)
Finance costs	(6)	(6)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(16,685)</b>	<b>(15,361)</b>
<b>NET INCREASE IN CASH HELD</b>	<b>1,127</b>	<b>36</b>
<b>CASH AT BEGINNING OF FINANCIAL PERIOD</b>	<b>926</b>	<b>638</b>
<b>CASH AT END OF FINANCIAL PERIOD</b>	<b>2,053</b>	<b>674</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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### 1. REPORTING ENTITY

Carlton Investments Limited is a company domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange.

The report was authorised for issue by the directors on 25 February 2015.

### 2. BASIS OF PREPARATION

#### (a) Statement of Compliance

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated financial report does not include all of the information required for a full annual financial report and is to be read in conjunction with the most recent annual financial report prepared as at 30 June 2014. This report must also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

#### (b) Basis of Preparation

The financial report is presented in Australian dollars (the Company's functional currency) on the historical cost basis except that investments in equities listed on the Australian Securities Exchange have been stated at their fair value. The balances and effects of transactions between controlled entities included in the consolidated accounts have been eliminated.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Revisions to accounting estimates are recognised in the period when the estimate is revised and in any future reporting periods affected.

The accounting policies adopted by the consolidated entity are consistent with those adopted during the previous corresponding half year and financial year.

#### (c) Revenue Recognition

Revenues from dividends and trust distributions are recognised when the right to receive payment is established. Interest income is recognised as it accrues.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

#### 2. BASIS OF PREPARATION (cont.)

##### (d) Income Tax

Income tax expense in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is the expected tax payable on the taxable income for the half year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax, being predominantly capital gains tax, is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets, using tax rates enacted or substantially enacted at balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### (e) Investments

Short term deposits with major financial institutions form part of the consolidated entity's investment portfolio and are carried at cost.

Shares and units in listed entities are valued continuously at fair value. Inputs used to determine fair value are the unadjusted last-sale price, last-bid price and last-sell price quoted on the Australian Securities Exchange at balance date. Fair value is determined at a value within the quoted bid/sell price spread with most investments being valued at the quoted last-sale price. As the inputs used to determine the fair value of shares and units in listed entities are prices quoted in an active market, being the Australian Securities Exchange, values are categorised within Level 1 of the fair value hierarchy of measurement under Accounting Standards AASB 13.

Any change in fair value of shares and units in listed entities is recognised, through the Statement of Comprehensive Income, directly in equity.



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year to 31 December 2014 \$000	Half year to 31 December 2013 \$000
<b>3. REVENUES FROM INVESTMENT ACTIVITIES</b>		
Dividends and distributions received - ordinary	20,398	19,232
Dividends received - special	279	394
Interest received or due and receivable from other parties	405	599
	<u>21,082</u>	<u>20,225</u>
<b>4. ADMINISTRATION EXPENSES</b>		
Administration expenses include:		
Directors' fees and employee benefits	264	199
Auditor's remuneration	45	35
Other expenses	153	143
	<u>462</u>	<u>377</u>
<b>5. EARNINGS PER SHARE</b>		
Basic and diluted earnings per ordinary share (cents per share)	<u>\$0.767</u>	<u>\$0.738</u>
<b>RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE</b>		
Earnings used in the calculation of basic and diluted earnings per ordinary share	20,316	19,531
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	26,474,675	26,474,675

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year to 31 December 2014 \$000	Half year to 31 December 2013 \$000
<b>6. INCOME TAX</b>		
<b>Income tax expense</b>		
Prima facie income tax expense calculated at 30% (2013: 30%) on profit before tax	6,184	5,952
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,069	2,949
Franking credits on dividends received	(10,231)	(9,829)
Difference in timing of recognition of dividend income for accounting and tax	1,321	1,278
Other	(45)	(39)
Income tax expense	298	311
	31 December 2014 \$000	30 June 2014 \$000
<b>7. INVESTMENTS</b>		
<b>Current</b>		
Term deposits	23,700	26,300

Term deposits are placed with major listed financial institutions and had maturity periods of between 12 to 141 days from 31 December 2014 and at that date were paying interest at rates between 2.85% and 3.60%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2014 was 3.58% (2013: 3.98%). Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk on term deposits is minimised as deposits are only placed with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency. There is no exposure to currency risk.

### Non Current

Shares and units in listed entities –  
at fair value

821,342	768,024
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During the half year period investments were acquired for consideration of \$12,050,000 (2013: \$8,799,000). The hybrid securities held in Bendigo and Adelaide Bank and Westpac, amounting to \$1,778,600, were redeemed during the half year to 31 December 2014. Proceeds of \$470,976 were received from capital returns made by Wesfarmers and Macquarie Atlas Roads (2013: \$314,000 from Wesfarmers).

Shares and units held by the consolidated entity are not directly exposed to interest or currency risk.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$000	30 June 2014 \$000
<b>8. DEFERRED TAX LIABILITIES</b>		
Capital gains tax on unrealised investment gains	136,791	123,357
Temporary differences on timing of recognition of dividend and trust distribution income	92	220
	<b>136,883</b>	<b>123,577</b>
<b>9. OTHER FINANCIAL LIABILITIES</b>		
Cumulative preference shares	166	166
82,978 (30 June 2014: 82,978) 7% cumulative preference shares fully paid. Preference shares were not classified as redeemable when issued.		
Dividends on these preference shares are recorded as a finance cost for accounting purposes.		
<b>10. ISSUED CAPITAL</b>		
<b>Issued and Paid Up Capital</b>		
26,474,675 (30 June 2013: 26,474,675) ordinary shares fully paid	20,146	20,146
<b>Movements in Ordinary Issued Capital</b>		
Balance at the beginning of the financial period	20,146	20,146
On market buy back	-	-
Balance at end of the financial period	20,146	20,146

On 14 November 2001 the Company announced an On Market Buy Back of up to 2,500,000 of the Company's ordinary shares. This Buy Back has been extended until 28 November 2015. There were no on market share buy backs during the half year ended 31 December 2014 or year to 30 June 2014.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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#### 11. DIVIDENDS

Dividends recognised in the current half year by the Company are:

	<b>Cents per share</b>	<b>Total amount \$000</b>	<b>Franked/ unfranked</b>	<b>Date of payment</b>
2014 final dividend – ordinary shares	63.0	<u>16,679</u>	Franked	17 September 2014

Since the end of the financial period the directors have declared the following interim dividends.

2015 interim dividend – ordinary shares	43.0	<u>11,384</u>	Franked	19 March 2015
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The financial effect of the interim dividends, which has not been brought to account in the financial statements for the half year ended 31 December 2014, will be recognised in the 30 June 2015 Annual Report.

The Dividend Reinvestment and Bonus Share Plans continue to be suspended.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2014

- 1 In the opinion of the Directors of Carlton Investments Limited ("the Company"):
- (a) the financial statements and notes set out on pages 2 to 12 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
    - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney 25 February 2015

Signed in accordance with a resolution of the Directors:

  
A. G. RYDGE

:DIRECTORS

  
A. J. CLARK

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Directors present their report together with the consolidated financial report of Carlton Investments Limited and its controlled entities for the half year ended 31 December 2014 and the auditor's review report thereon.

### DIRECTORS

The following were Directors of the Company during the half year and up to the date of this report:

Name	Period of directorship
Mr Alan G Rydge - Chairman	Chairman of Directors since 1980. Non Executive Director
Mr Anthony J Clark AM – Lead Independent Director and Chairman of the Nominations and Remuneration Committee and Chairman of Audit and Risk Committee	Independent Non Executive Director since 2000
Mr Murray E Bleach	Independent Non Executive Director, appointed 2 December 2014
Mr Graeme L Herring AM – Chairman of the Audit and Risk Committee to date of retirement	Independent Non Executive Director since 1988, retired 2 December 2014

### CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2014 attributable to the members of Carlton Investments Limited was:

	31 December 2014 \$000	31 December 2013 \$000
Profit before income tax	20,614	19,842
Income tax expense thereon	(298)	(311)
Net profit for the half year	20,316	19,531

### REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2014 increased by \$785,000 or 4.0% compared to the previous corresponding half year. Dividends and distributions received of \$20,677,000 increased by \$1,051,000 or 6.1%. Dividends and distributions received included special dividends totalling \$279,000 compared to \$394,000 in the previous corresponding period.

Interest income decreased by \$194,000 compared to the previous corresponding half year, to \$405,000. Average funds held on term deposit decreased by approximately \$7.5 million and the weighted average effective interest rate on term deposits decreased to 3.58% compared to 3.98% for the previous half year.

### NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2014 prior to payment of the interim dividends detailed in note 11 and before provision for tax on unrealised capital gains was \$32.00 (30 June 2014: \$30.21). The net tangible asset backing per share at 31 December 2014 after provision for tax on unrealised capital gains was \$26.83 (30 June 2014: \$25.56). The relevant figures as at 31 January 2015 were \$33.82 before provision for capital gains tax and \$28.15 after providing for capital gains tax.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

### INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 43.0 cents per Ordinary Share, fully franked, payable on 19 March 2015. This is an increase of 6 cents per ordinary share (16.2%) compared to the 37 cents per share paid in respect of the previous year. Part of this increase relates to the Directors' decision to reward shareholders earlier by increasing the level of the interim dividend as a percentage of total annual dividends and should not be taken as an indication that total annual dividends will increase by the same percentage. An interim dividend of 7.0 cents per Preference Share, fully franked, will be paid on the same date. The Record Date for the interim dividends is 4 March 2015.

### ON MARKET SHARE BUY BACK

During the half year, the Directors resolved to extend the period of the On Market Share Buy Back to 28 November 2015. There were no ordinary shares bought back during the half year ended 31 December 2014.

### INVESTMENTS

During the half year investments (over \$500,000) were made in Adelaide Brighton Limited, AGL Energy Limited, ASX Limited, National Australia Bank, Origin Energy Limited, Santos Limited, Seven West Media Limited, Telstra Corporation and Woodside Petroleum Limited. The cost of shares purchased during the half year to 31 December 2014 totalled \$12,050,000.

The twenty largest investments, at quoted market values, as at 31 December 2014 were:

	\$000's		\$000's
Amalgamated Holdings	330,033	Bank of Queensland	17,337
National Australia Bank	68,346	Bendigo & Adelaide Bank	14,311
Westpac Bank	56,617	Gowing Bros	12,394
Commonwealth Bank	47,047	Amcor	11,585
ANZ Bank	31,323	Orica	10,266
Telstra	25,872	Origin Energy	8,462
Wesfarmers	25,425	James Hardie	8,255
AGL	21,437	Lend Lease	8,118
BHP Billiton	20,813	Santos	5,515
Perpetual	18,622	Rio Tinto	5,292
			<u>747,070</u>
Total shares and units in listed entities as at 31 December 2014			<u>821,342</u>

There were disposals of bank hybrid security investments during the half year to 31 December 2014, amounting to \$1,779,000. There were also capital returns received totalling \$471,000, the majority of which was from Wesfarmers.

The market value of the investment portfolio in listed entities increased by 5.67% after adjustment for acquisitions, capital returns and disposals during the six months ended 31 December 2014. This compares to an increase of 0.28% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the six months was 8.07% compared to an increase in the S&P/ASX 200 Accumulation Index of 2.50%. The total portfolio return for the twelve months to 31 December 2014 was 15.20% compared to the S&P/ASX 200 Accumulation Index of 5.61%.

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is attached and forms part of the directors' report for the half year ended 31 December 2014.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

#### ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in this report and the financial report have been rounded off to the nearest one thousand dollars unless otherwise indicated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors on 25 February 2015.



A.G. RYDGE  
Chairman of Directors  
25 February 2015





*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

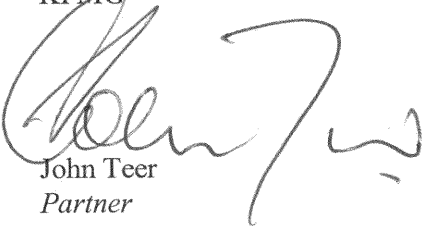
To: the directors of Carlton Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



John Teer  
Partner

Sydney

25 February 2015



## **Independent auditor's review report to the members of Carlton Investments Limited**

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Carlton Investments Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Carlton Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carlton Investments Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG

John Teer  
*Partner*

Sydney

25 February 2015